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NOV. 1, 2003



**BEFORE THE BOARD OF MILK CONTROL
OF THE STATE OF MONTANA
ANNOUNCEMENT OF CLASS I, II & III PRODUCER PRICES**



STATE DOCUMENTS COLLECTION

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PRODUCER CLASS I PRICE IN MONTANA

REF: ARM 32.24.301(5)

| | |
|--|---------------------|
| CLASS I PRICE FOR MILK TESTING 3.5% | \$16.92 /CWT |
| CLASS I BUTTERFAT PRICE PER POUND | \$1.28 /LB |

EFFECTIVE DECEMBER 1, 2003:

The minimum price to pay milk producers, under ARM 32.24.301, is **\$16.92**
per hundred pounds of milk testing 3.5% butterfat, f.o.b. the milk distributor's plant.

When milk does not test 3.5% butterfat, compute the applicable price by applying a differential of 12.8 cents for each one-tenth of one percent butterfat above or below the midpoint of each producer payment. The value of one pound of butterfat utilized will be \$1.28.

PRODUCER CLASS II PRICE IN MONTANA

REF: ARM 32.24.301(6)

| | |
|---|---------------------|
| CLASS II PRICE FOR MILK TESTING 3.5% | \$10.75 /CWT |
|---|---------------------|

Average spray process dry milk solids
price per pound = \$0.86750
Multiplied by 8.2 x 8.2

\$7.11350

\$7.11350

Last quote of the month for Grade AA butter
minus a differential of \$.0895 = \$1.10300
Multiplied by 4.2 x 4.2

\$4.63260

+ \$4.63260

\$11.74610

LESS a make allowance of 8.5% (\$11.7461 X .085)

- \$0.99842

\$10.74768

Rounded to the nearest whole cent = **\$10.75 /hundredweight.**

CLASS II BUTTERFAT PRICE PER POUND**\$1.22 /LB**

| | | | |
|---|---|--------------------|-----------|
| Last quote of the month for Grade AA butter | | | |
| minus a differential of \$.0895 | = | \$1.10300 X .111) | = |
| Rounded to the nearest half cent | | | = |
| | | | \$0.12243 |
| | | | \$0.122 |

| | |
|---------------------------|--------|
| Butterfat value per pound | |
| for milk at 3.5% test: | \$1.22 |

| | | | |
|--|------------------|---|---------|
| Hundredweight price of milk testing 3.5% | | = | \$10.75 |
| LESS 3.5 pounds of butterfat at | \$1.22 per pound | = | \$4.270 |
| Value of 96.5 pounds of skim | | = | \$6.480 |

| | | | |
|-------------------|----------------------|---|---------------|
| CLASS II VALUE OF | | | |
| ONE POUND OF SKIM | 6.480 / 96.5 pounds) | = | \$0.06715 /LB |

PRODUCER CLASS III PRICE IN MONTANA

REF: ARM 32.24.301(7)

CLASS III PRICE PER CWT FOR MILK TESTING 3.5%**\$9.16 /CWT**

| | | |
|-------------------------|-----------------------|--------------|
| 3.5 pounds of butterfat | \$0.99 per pound = | \$3.465 |
| 96.5 pounds of skim | \$0.05904 per pound = | \$5.698 |
| | | \$9.163 /CWT |

CLASS III BUTTERFAT PRICE PER POUND**\$0.99 /LB**

| | |
|---|-------------|
| Last quote of the month for Grade AA butter | |
| minus a difference of \$.0895 | = \$1.10300 |
| LESS 10% | - \$0.11030 |
| | \$0.99270 |

| | | |
|-----------------------------------|---|-------------------|
| Rounded to the nearest whole cent | = | \$0.99 per pound. |
|-----------------------------------|---|-------------------|

CLASS III PRICE PER CWT FOR SKIM MILK UTILIZED**\$5.90421 /CWT**

| | |
|--|-----------|
| Avg. spray process dry milk solid price/lb : | \$0.86750 |
| Multiplied by 8.2 | 8.2 |
| | \$7.11350 |
| LESS 17% | \$1.20930 |
| | \$5.90421 |

| | |
|-----------------------------------|---------------------------|
| Rounded to the nearest whole cent | \$5.90 per hundredweight. |
|-----------------------------------|---------------------------|

BY ORDER OF THE MONTANA MILK CONTROL BUREAU

Compiled by:

Monte Nick
 Monte Nick, Bureau Chief
 Montana Milk Control Bureau

BREAKDOWN BY TEST FOR CLASS I, II & III SKIM PRICES

| CLASS I SKIM PRICE BASED ON \$16.92 FOR 3.5% MILK 96.5 LBS = \$12.440 | | CLASS II SKIM PRICE BASED ON \$10.75 FOR 3.5% MILK 96.5 LBS = \$6.480 | | CLASS III SKIM PRICE BASED ON \$9.16 FOR 3.5% MILK 96.5 LBS = \$5.698 | |
|---|-----------|---|-----------|---|-----------|
| TEST | PRICE/LB | TEST | PRICE/LB | TEST | PRICE/LB |
| 2.50 | \$0.12759 | 2.50 | \$0.06646 | 2.50 | \$0.05844 |
| 2.55 | \$0.12766 | 2.55 | \$0.06650 | 2.55 | \$0.05847 |
| 2.60 | \$0.12772 | 2.60 | \$0.06653 | 2.60 | \$0.05850 |
| 2.65 | \$0.12779 | 2.65 | \$0.06656 | 2.65 | \$0.05853 |
| 2.70 | \$0.12785 | 2.70 | \$0.06660 | 2.70 | \$0.05856 |
| 2.75 | \$0.12792 | 2.75 | \$0.06663 | 2.75 | \$0.05859 |
| 2.80 | \$0.12798 | 2.80 | \$0.06667 | 2.80 | \$0.05862 |
| 2.85 | \$0.12805 | 2.85 | \$0.06670 | 2.85 | \$0.05865 |
| 2.90 | \$0.12812 | 2.90 | \$0.06674 | 2.90 | \$0.05868 |
| 2.95 | \$0.12818 | 2.95 | \$0.06677 | 2.95 | \$0.05871 |
| 3.00 | \$0.12825 | 3.00 | \$0.06680 | 3.00 | \$0.05874 |
| 3.05 | \$0.12831 | 3.05 | \$0.06684 | 3.05 | \$0.05877 |
| 3.10 | \$0.12838 | 3.10 | \$0.06687 | 3.10 | \$0.05880 |
| 3.15 | \$0.12845 | 3.15 | \$0.06691 | 3.15 | \$0.05883 |
| 3.20 | \$0.12851 | 3.20 | \$0.06694 | 3.20 | \$0.05886 |
| 3.25 | \$0.12858 | 3.25 | \$0.06698 | 3.25 | \$0.05889 |
| 3.30 | \$0.12865 | 3.30 | \$0.06701 | 3.30 | \$0.05892 |
| 3.35 | \$0.12871 | 3.35 | \$0.06705 | 3.35 | \$0.05895 |
| 3.40 | \$0.12878 | 3.40 | \$0.06708 | 3.40 | \$0.05898 |
| 3.45 | \$0.12885 | 3.45 | \$0.06712 | 3.45 | \$0.05901 |
| 3.50 | \$0.12891 | 3.50 | \$0.06715 | 3.50 | \$0.05904 |
| 3.55 | \$0.12898 | 3.55 | \$0.06719 | 3.55 | \$0.05907 |
| 3.60 | \$0.12905 | 3.60 | \$0.06722 | 3.60 | \$0.05910 |
| 3.65 | \$0.12911 | 3.65 | \$0.06725 | 3.65 | \$0.05913 |
| 3.70 | \$0.12918 | 3.70 | \$0.06729 | 3.70 | \$0.05916 |
| 3.75 | \$0.12925 | 3.75 | \$0.06732 | 3.75 | \$0.05920 |
| 3.80 | \$0.12931 | 3.80 | \$0.06736 | 3.80 | \$0.05923 |
| 3.85 | \$0.12938 | 3.85 | \$0.06739 | 3.85 | \$0.05926 |
| 3.90 | \$0.12945 | 3.90 | \$0.06743 | 3.90 | \$0.05929 |
| 3.95 | \$0.12952 | 3.95 | \$0.06746 | 3.95 | \$0.05932 |
| 4.00 | \$0.12958 | 4.00 | \$0.06750 | 4.00 | \$0.05935 |
| 4.05 | \$0.12965 | 4.05 | \$0.06754 | 4.05 | \$0.05938 |
| 4.10 | \$0.12972 | 4.10 | \$0.06757 | 4.10 | \$0.05941 |
| 4.15 | \$0.12979 | 4.15 | \$0.06761 | 4.15 | \$0.05944 |
| 4.20 | \$0.12985 | 4.20 | \$0.06764 | 4.20 | \$0.05947 |
| 4.25 | \$0.12992 | 4.25 | \$0.06768 | 4.25 | \$0.05950 |
| 4.30 | \$0.12999 | 4.30 | \$0.06771 | 4.30 | \$0.05954 |
| 4.35 | \$0.13006 | 4.35 | \$0.06775 | 4.35 | \$0.05957 |
| 4.40 | \$0.13013 | 4.40 | \$0.06778 | 4.40 | \$0.05960 |
| 4.45 | \$0.13019 | 4.45 | \$0.06782 | 4.45 | \$0.05963 |
| 4.50 | \$0.13026 | 4.50 | \$0.06785 | 4.50 | \$0.05966 |

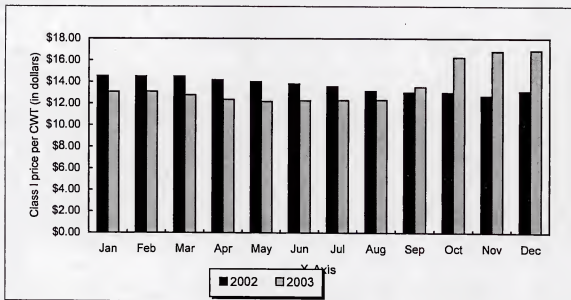
PRODUCER CLASS I PRICE IN MONTANA

Charts below show a class I price comparison for 2002 and 2003

Statistics from the Montana Milk Control Bureau

| Month | 2002 | 2003 | Difference | % Change |
|-----------|----------------|----------------|---------------|---------------|
| January | \$14.53 | \$13.07 | (\$1.46) | -10.05% |
| February | \$14.51 | \$13.11 | (\$1.40) | -9.65% |
| March | \$14.50 | \$12.78 | (\$1.72) | -11.86% |
| April | \$14.17 | \$12.36 | (\$1.81) | -12.77% |
| May | \$14.02 | \$12.19 | (\$1.83) | -13.05% |
| June | \$13.81 | \$12.26 | (\$1.55) | -11.22% |
| July | \$13.58 | \$12.29 | (\$1.29) | -9.50% |
| August | \$13.17 | \$12.32 | (\$0.85) | -6.45% |
| September | \$13.03 | \$13.52 | \$0.49 | 3.76% |
| October | \$13.01 | \$16.26 | \$3.25 | 24.98% |
| November | \$12.70 | \$16.82 | \$4.12 | 32.44% |
| December | <u>\$13.15</u> | <u>\$16.92</u> | <u>\$3.77</u> | <u>28.67%</u> |
| Average | \$13.68 | \$13.66 | (\$0.02) | 0.44% |

Prices are per hundredweight (CWT).

Completion of pooling (prior to audit) shows the producer quota blend prices to be:

SEP 2003: class I = \$7.71; class II = \$1.51; Class III = \$2.91; total = \$12.13

(calculations based upon utilization percentages of butterfat & skim)